



JUL 07 2004

Reply to
Attn of:

SP 04-13

Subject:

When Free and Reduced Price Application Verification is Complete - For Verification Reporting And For Meeting the December 15 Verification Deadline

To:

STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri ED,
(Special Nutrition Programs) Nebraska, North Dakota, Montana OPI,
South Dakota, Utah and Wyoming

This memorandum addresses the issue of when verification of a free and reduced price application is considered "complete" for households having benefits reduced or terminated as a result of the required verification process. There is a disparity between the definition of when verification is complete for these applications for the purpose of school food authorities (SFA) reporting the results of verification of the Form 742, and for the definition of when verification is complete for the purpose of SFAs meeting the December 15 verification deadline. We are issuing this memorandum because we have been asked to explain why there is a disparity between these two definitions, and we want to emphasize that the differences do not represent a conflict in policy.

The guidance for completing the new Form 742 was issued as part of SP-04-10 on May 6, 2004, as Attachment 2. Part II of those instructions, on page 2 of the attachment, states what constitutes verification being "complete" for different types of applications, for the purpose of completing items 7-11 on Form 742. Applications that are to have benefits reduced or terminated due to verification are "complete" when either: (1.) it is the day after the last day has passed for filing an appeal of the change, or, (2.) if an appeal has been filed, it is the first operating day following the decision by the hearing official.

However, the Eligibility Guidance for School Meals Manual, on page 70, gives a different definition of when verification of such applications is complete for the purpose of meeting the verification completion deadline of December 15. Verification for an application that is having benefits reduced or terminated is "complete" when the letter of adverse action is sent by the SFA to the household, and not later, after the 10-day notification expires, or after a hearing is held and a decision rendered.

The definition for completing verification in the Eligibility Guidance continues to be the definition used to determine if a SFA has satisfactorily met the December 15 deadline for completing the required verification. On the other hand, for the purpose of reporting on the results of application verification on Form 742, the eligibility status of some applications as of December 15 may not be the status that is reported later to the

State agency. This is because the definition in the guidance for completing Form 742 does account for a rare situation, the situation in which a household makes a successful appeal of the reduction or termination of its benefits, and the household therefore continues with the level of benefits it had prior to verification. So, in the event a household has its benefit level restored to its original pre-verification level, as through a hearing, before or after December 15, the application is counted in the "no change" total to be entered in field 7 of Form 742.

If you have any questions, please contact Joe Fisher at (303) 844-054.



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Regional Director

for Special Nutrition Programs